2003 - 04

SASKATCHEWAN

Mid-Year Report

BUILDING FOR THE FUTURE

Budget Update

SASKATCHEWAN
The Hon. Harry Van Mulligen
Minister of Finance

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Table of Contents

Economic Overview 2

Financial Overview 8

Borrowing and Debt 11

Financial Tables 13

Appendix 1 – Major Federal Transfers Update Since the Budget 19

Appendix 2 – Income Tax Forecasts 21

Our Plan for 2003-04

Progress Report 24

A Prosperous and Competitive Economy 25

Strong and Vibrant Communities 31

Healthy and Self-Reliant Families 37

Opportunities for Youth 43

Economic Overview

Introduction

The 2003-04 Budget forecasted real economic growth of 6.8 per cent for Saskatchewan in 2003 based on reasonable assumptions about the macroeconomic environment (informed by expectations of the major national forecasting agencies), non-renewable resource prices, drilling, production and sales (informed by the Department of Industry and Resources), and the crop harvest and grain prices (informed by the Department of Agriculture, Food and Rural Revitalization).

The major growth driver in the Budget forecast was the assumption of the return to a "normal" crop following two consecutive droughts, which accounted for almost 5 percentage points of real growth – the equivalent of an 82 per cent increase in the activity of about 6 per cent of the provincial economy. The Department of Agriculture, Food and Rural Revitalization's October 22 estimate of 2003 crop year production is 20.3 million tonnes – an increase of about 36 per cent from the previous year – the equivalent of 2 percentage points of growth.

There have also been significant changes in many aspects of the external environment leading to revised expectations for commodity prices, the value of the Canadian dollar, interest rates and U.S. and Canadian economic performance. Oil and natural gas prices, for example, have been considerably stronger than expected but grain prices have decreased. The U.S. economic recovery gained momentum but Canadian growth faltered and the value of the Canadian dollar increased more quickly than anticipated.

These developments have offsetting effects on the economic forecast for the province for 2003. On balance, these and various economic indicators suggest that Saskatchewan's economy is on track to post a 4 per cent growth in real GDP.

Crop Harvest

Saskatchewan farmers harvested 20.3 million tonnes of the major grains, oilseeds and specialty crops, 15 per cent below the 10-year average production of 23.8 million tonnes and 36 per cent above 2002 production of 14.9 million tonnes. The quality of the crop was above the 10-year average and well above the quality of the 2002 crop. Eighty-four per cent of the spring wheat crop, for example, graded No. 1 CW compared to 52 per cent for the 10-year average. Seventy-seven per cent of the durum crop also graded No. 1 CW compared to 35 per cent for the 10-year average.

Commodity Prices

World prices for Saskatchewan's principal commodities were generally at relatively high levels in 2002. Oil and natural gas prices have remained at relatively high levels so far this year but grain prices decreased due to a variety of factors.

The 2003-04 Budget assumed West Texas Intermediate (WTI) crude oil prices to average US$25.00 per barrel in 2003 and US$24.00 per barrel in 2004. WTI oil prices averaged approximately US$31.33 per barrel in the first eight months of 2003. Consequently, the oil price assumption for 2003 was increased to US$30.24

Commodity Price Forecast

	Budget Assumption 2003	Budget Assumption 2004	2003 YTD	Period	Current Assumption 2003	Current Assumption 2004
Wheat (C$/tonne)*	169.84	168.52	N/A		147.00	145.20
Barley (C$/tonne)*	147.29	141.01	N/A		110.00	113.75
Canola (C$/tonne)*	367.79	371.68	N/A		320.00	295.34
WTI Oil (US$/barrel)	25.00	24.00	31.33	Jan-Aug	30.24	25.00
Natural Gas (C$GJ)	4.29	3.75	6.42	Jan-Aug	5.95	4.50
Potash (C$/tonne)	201.10	196.00	192.00	Jan-June	191.97	192.45

*Crop year basis

per barrel, US$5.24 more than the Budget assumption.

Natural gas prices are projected to average C$5.95 per GJ in 2003 and C$4.50 per GJ in 2004, C$1.66 and C$0.75 more than the 2003-04 Budget assumption of C$4.29 and C$3.75, respectively. Natural gas prices averaged C$6.42 per GJ in the first eight months of 2003.

Higher U.S. stocks, weak global demand, competition from Russia, Ukraine and other emerging grain exporters and increased European Union export subsidies caused grain prices to tumble. The average price for a tonne of wheat for the 2003-04 crop year, for example, is currently projected at C$147.00 compared to the 2003-04 Budget assumption of C$169.84. Barley and canola prices are also expected to be lower.

Average potash prices are projected to decrease to C$191.97 per tonne in 2003 and C$192.45 per tonne in 2004 as a result of the appreciation of the Canadian dollar. The 2003-04 Budget assumptions for potash prices were C$201.10 per tonne for 2003 and C$196.00 per tonne for 2004.

U.S. and Canadian Economic Conditions

The U.S. economy expanded at annual rates of 1.4 per cent in the first quarter of 2003, 3.3 per cent in the second quarter and 7.2 per cent in the third quarter. The major contributors to growth were consumer spending and residential investment in the first quarter, defence spending in the second, and consumer spending, residential investment and business investment in equipment and software in the third. Massive fiscal stimulus in the form of tax cuts and a significantly accommodative monetary policy stance by the U.S. Federal Reserve Board are expected to sustain U.S. growth for the remainder of 2003 and in 2004.

The Canadian economy, which outpaced the U.S. economy for four consecutive years and posted the best performance of G-7 countries in three of those four years, is now expected to grow only 1.7 per cent in 2003, primarily reflecting the combined impact of weak U.S. growth early in the year, the rapid appreciation of the Canadian dollar, inventory overhang, SARS, BSE, forest fires in B.C. and the power blackout in Ontario.

At a Glance (Per cent Change Unless Noted Otherwise)

	Budget Assumption		2003	Period	Current Assumption	
	2003	2004	YTD		2003	2004
U.S. Growth	2.6	4.1	1.4	Q1	2.5	3.8
			3.3	Q2		
			7.2	Q3		
Canadian Growth	3.4	3.7	2.6	Q1	1.7	3.0
			-0.3	Q2		
Canadian CPI	2.1	1.7	3.1	Jan-Sep	2.8	1.9
Canadian Short-term Interest Rate (%)	3.6	4.9	2.9	Jan-Sep	2.9	3.1
Canadian Long-term Interest Rate (%)	7.3	7.3	6.6	Jan-Sep	6.6	6.5
Canadian Dollar (U.S. cents)	67.4	70.4	70.5	Jan-Sep	70.6	71.0

While Canada's real GDP grew by 2.6 per cent in the first quarter of 2003 and fell at an annual rate of 0.3 per cent in the second quarter, the outlook for the remainder of 2003 and 2004 is brighter as concerns over SARS have diminished, restrictions on beef exports have been eased and the U.S. economy has started to gather strength. Low interest rates are also expected to provide the Canadian economy continued support.

The 2003-04 Budget forecast anticipated the Bank of Canada raising interest rates significantly in 2003 to curb inflationary pressures in the Canadian economy. The Bank of Canada did raise interest rates in March and April but evidence suggesting inflation is falling more quickly than previously thought has led to an assumption that further rate increases will be delayed until next year.

Through the first nine months of the year, Canadian short-term and long-term interest rates averaged 2.9 per cent and 6.6 per cent, respectively, well below the 2003-04 Budget assumptions of 3.6 per cent and 7.3 per cent. Because of the economic weakness, the current forecast sees both short-term and long-term interest rates averaging 2.9 per cent and 6.6 per cent, respectively, in 2003 and 3.1 per cent and 6.5 per cent in 2004, well below the assumed interest rate levels in the Budget.

The wide and widening Canada-U.S. interest rate gap has provided strong upward pressure on the Canadian dollar since mid-December 2002. The Canadian dollar, which began 2003 at 63.4 US cents, spent most of late May and early June around 73.5 cents, a 15 per cent appreciation to that point. The Canadian dollar has demonstrated strength through late summer and early autumn, averaging 70.5 US cents through the first nine months of 2003.

2003 Saskatchewan Economic Conditions

Provincial economic indicators available to the middle of 2003 reveal mixed results, but overall, point to an economy on a positive growth track.

- Consumer spending has continued to grow with retail trade rising 4.6 per cent in the first eight months of 2003. However, the number of new passenger vehicles sold decreased by 2.7 per cent over the same period.
- Housing starts have continued to climb, increasing 43.3 per cent in the first six months. The value of residential building permits went up 30.9 per cent through the end of August but industrial building permits went down 8.7 per cent.
- Overall, the value of manufacturing shipments went up 2.5 per cent through August driven by wood products (up 27.5 per cent), chemical products (up 19.5 per cent), printing and related products (up 10.3 per cent), fabricated metal products (up 6 per cent), food products (up 5.3 per cent) and computer and electronic products (up 5.1 per cent). However, several components experienced large reductions such as beverages (down 44.6 per cent), electrical

2003 Saskatchewan Economic Indicators (Per cent Change Unless Noted Otherwise)

	Change	Period Covered
Total Employment (000s)	6,440	Jan-Oct
Farm Employment (000s)	-3,650	Jan-Oct
Non-farm Employment (000s)	10,090	Jan-Oct
Unemployment Rate	5.7	Jan-Oct
CPI	2.5	Jan-Oct
Manufacturing Shipments	2.5	Jan-Aug
Retail Trade	4.6	Jan-Aug
Wholesales Trade	2.5	Jan-Aug
New Vehicle Sales	0.5	Jan-Aug
Housing Starts	43.3	Jan-June
Residential Building Permits	30.9	Jan-Aug
Industrial Building Permits	-8.7	Jan-Aug
Commercial Building Permits	16.0	Jan-Aug
Institutional/Government Building Permits	-14.3	Jan-Aug
Oil Production	-0.9	Jan-July
Oil Sales	15.1	Jan-July
Oil Wells Drilled	21.8	Jan-Aug
Natural Gas Production	6.8	Jan-July
Natural Gas Sales	99.5	Jan-July
Natural Gas Wells Drilled	54.0	Jan-Aug
Potash Production	0.8	Jan-Aug
Potash Sales	-7.7	Jan-May

equipment and appliances (down 39.7 per cent), machinery (down 12.6 per cent), non-metallic minerals (down 8.6 per cent) and transportation (down 7.3 per cent).

- In the resource sector, exceptionally strong oil and natural gas prices have catapulted oil and natural gas drilling as well as the value of oil and natural gas sales. Natural gas production was up 6.8 per cent in the first seven months of 2003. However, crude oil production was down 0.9 per cent through July. Through August, potash production was up 0.8 per cent relative to the previous year but potash sales were down 7.7 per cent through May.
- Importantly, employment increased by 6,440 in the first 10 months of 2003 as job gains in the non-farm sector of the economy more than offset losses in agriculture.

The Mid-Year Saskatchewan Economic Outlook

In all, these indicators, the crop harvest, revised estimates of commodity prices and U.S. and Canadian growth, interest rates and the value of the Canadian dollar have led to a revised projection of 4 per cent real GDP growth for 2003 and 3 per cent for 2004.

In a broad, general fashion, the current projection of 4 per cent real GDP growth in 2003 can be reconciled to the 2003-04 Budget forecast of 6.8 per cent by examining sensitivities to the major assumptions.

In the spring, the private sector forecasters generally agreed that Saskatchewan's economy would grow in 2003. But since each forecaster had a slightly different version of 2002 performance, and, thus, a different starting point, the concomitant growth rates they projected were different, ranging from a low of 2.6 per cent to a high of 3.7 per cent.

Over the course of the last six months, the private sector forecasters have all adopted Statistics Canada's estimate of a 1.4 per cent decline in Saskatchewan's real GDP in 2002. Without exception, they have all increased their respective projections for Saskatchewan's real GDP growth rate for 2003. Currently, these projections range from a low of 3.1 per cent to a high of 5.8 per cent. The differences tend to relate to varying

Reconciliation of Real GDP Growth Rates

	Impact on Growth Rate (Percentage points)
2003-04 Budget forecast	6.8
Impact due to:	
2002 real GDP data revision	+0.7
Smaller crop harvest	-3.5
Higher Canadian dollar	-0.4
Lower interest rates	+0.4
Mid-year Real GDP growth rate forecast	4.0

assumptions about the volume of crop harvest. Comparing the current forecast with the outside forecasts reveals the 4 per cent growth rate at the lower end of the range of private sector forecasts and below the average of 4.3 per cent.

Crop production is expected to increase, albeit modestly, to average levels next year and commodity prices, particularly for grains, oil, natural gas and potash, are expected to trend down. Thus, real economic growth is concomitantly expected to settle back to 3 per cent in 2004.

Nominal GDP, which managed to remain positive in 2002 due to relatively high oil and natural gas prices, is projected to rise 4.3 per cent in 2003 and flatten out in 2004 due to stabilizing prices.

There is a possibility that the Canadian dollar could slide next year as the U.S. economy gains more strength and U.S. interest rates increase faster than Canadian interest rates. A stronger U.S. economy combined with a lower Canadian dollar would lend support to exports and add to economic growth. However, it is just as likely the Canadian dollar's recent ascent could continue next year and, along with lower commodity prices, dampen exports and the overall economic performance of the province.

Commodity prices, however, are volatile and could, thus, be higher or lower than expected. Higher grain, oil, natural gas, potash and other commodity prices would support growth but lower commodity prices would detract from growth.

Conclusion

Saskatchewan's economic growth has once again been hampered by a smaller-than-average crop harvest. On the basis of an estimated 20.3 million tonnes of harvested crops, higher-than-expected oil and natural gas prices, lower Canadian growth and interest rates and stronger Canadian dollar, the provincial economy is projected to post 4 per cent growth in 2003.

A Quick Look at Saskatchewan (Per cent Change Unless Noted Otherwise)

	2002 Level	Budget Forecast		Current Forecast	
		2003	2004	2003	2004
Real GDP	$30.3B	6.8	3.5	4.0	3.0
Nominal GDP	$34.7B	5.2	2.3	4.3	0.4
CPI	1.237 (1992=1)	2.1	2.2	2.5	2.0
Employment (000s)	482.0	4.2	6.1	4.6	4.4
Unemployment Rate (%)	5.7	5.3	5.0	5.7	5.7

Financial Overview

The 2003-04 Budget presented in March estimated a General Revenue Fund (GRF) surplus of $134,000.

To the middle of the year, the financial position of the Province has deteriorated by $84.5 million from Budget, reflecting a $26.6 million increase in revenue, a $131.1 million increase in operating spending and a $20.0 million decrease in interest costs. The transfer from the Fiscal Stabilization Fund has been increased by $84.5 million to maintain a balanced budget.

Revenue

Provincial government revenue is now projected to be $26.6 million above the Budget estimate.

Own-source revenue is now projected to be $226.0 million above the Budget estimate, primarily reflecting higher oil and natural gas revenue.

- Oil revenue is now projected to be $202.8 million above the Budget estimate. The most significant factor in the revised forecast is higher world oil prices. The average price of West Texas Intermediate (WTI) oil for 2003-04 is now projected to be US$28.28 per barrel, an increase of US$4.28 from the Budget forecast of US$24.00 per barrel. In addition, revenue from the sale of petroleum and natural gas leases is now projected to be $156.9 million – an increase of $71.9 million from the Budget estimate of $85.0 million.
- Natural gas revenue is now projected to be $78.9 million above the Budget estimate. The increase reflects higher natural gas prices, drilling forecasts and production.
- Corporation Capital Tax revenue is now projected to be $15.0 million above the Budget estimate. The increase reflects higher oil and natural gas prices.

These increases are partially offset by decreases in potash and Individual Income Tax revenue.

- Potash revenue is now projected to be $63.0 million below the Budget estimate. The decrease reflects the appreciation of the Canadian dollar relative to the U.S. dollar, higher production costs and the introduction of new potash tax measures.

General Revenue Fund 2003-04 Forecast

(In millions of dollars)	2003-04 Budget	1st Quarter Projection	Mid-Year Projection	Mid-Year Change from Budget
Revenue	$ 6,228.0	$ 6,200.8	$ 6,254.6	$ 26.6
Operating Expenditure	5,970.6	5,992.6	6,101.7	131.1
Operating Surplus	257.4	208.2	152.9	(104.5)
Less Interest	650.0	650.0	630.0	(20.0)
FSF Transfer	392.7	441.9	477.2	84.5
Surplus	**$ 0.1**	**$ 0.1**	**$ 0.1**	**$ 0.0**

- Individual Income Tax revenue is now projected to be $25.5 million below the Budget estimate. The decrease reflects both preliminary assessment information for the 2002 taxation year and a revised economic forecast.

Transfers from the Government of Canada are now projected to be $199.4 million below the Budget estimate. The decrease primarily reflects lower Equalization payments and a lower Canada Health and Social Transfer (CHST).

- Equalization payments are now projected to be $165.0 million below the Budget estimate. The decrease is primarily due to revised population estimates based on the results of the 2001 Census and higher oil and natural gas revenue in 2003-04.
- CHST is now projected to be $42.5 million below the Budget estimate. The decrease is primarily due to revised population estimates resulting from the 2001 Census.

Operating Expenditure

Provincial government operating expenditure is projected to be $131.1 million above the Budget estimate.

Expenditure is projected to be above the Budget level in 12 of the 26 votes, with the largest increases occurring in six areas.

- Environment is projected to be $59.1 million above the Budget level due mainly to higher-than-expected forest fire management costs.
- Agriculture, Food and Rural Revitalization is projected to be $47.6 million above the Budget level mainly due to Bovine Spongiform Encephalopathy compensation programs to livestock producers.
- Chief Electoral Officer is projected to be $7.0 million above the Budget level due to the general election held on November 5, 2003 and the Carrot River Valley by-election held on June 26, 2003.
- Culture, Youth and Recreation is projected to be $6.8 million above the Budget level due mainly to a revised estimate of the expected utilization of tax credits from the Film Employment Tax Credit.
- Health is projected to be $5.3 million above the Budget level due mainly to utilization increases for out-of-province and provincial-based health services.
- Saskatchewan Property Management Corporation is projected to be $5.0 million above the Budget level due to the Wascana Lake deepening project.

Operating expenditure is projected to be below the Budget level in three of the 26 votes, with the largest decreases occurring in two areas.

- Industry and Resources is projected to be $2.9 million below the Budget level due to a delay in the Ethanol Fuel Tax Rebate program.
- Learning is projected to be $2.2 million below the Budget level due to a reduction in the grant to the Student Aid Fund reflecting decreases in student loans and interest rates, partially offset by federal funding for library, language and training programs.

The remaining 11 votes are projected to be unchanged from the Budget level.

Interest Costs

Interest costs are projected to be $20.0 million below the Budget estimate, primarily reflecting the higher value of the Canadian dollar relative to the U.S. dollar and interest rates.

Fiscal Stabilization Fund Transfer

The Fiscal Stabilization Fund (FSF) was created in 2000-01 to stabilize the fiscal position of the Province from year-to-year and to facilitate the accomplishment of long-term objectives.

The Budget estimated a $392.7 million transfer from the FSF to the GRF. The current projection is for a transfer of $477.2 million.

Additionally, the FSF will receive a deposit of $79.3 million related to the CHST supplement and the diagnostic/medical equipment fund resulting from the 2003 First Ministers' Accord on Health Renewal. The amounts were initially allocated over a three-year period, beginning in 2003-04, as reported by the federal government. Now, the additional $79.3 million reported for the funds in 2004-05 and 2005-06 will be brought into 2003-04 and, through the FSF, allocated to future years.

The result of these transfers will be a balance in the FSF of $179.1 million at the end of 2003-04.

Borrowing and Debt

Debt

The debt of the General Revenue Fund (GRF) consists of:

- Gross Debt - the amount of money owed to lenders; plus
- Guaranteed Debt - the debt of Crown corporations and others that the Province has promised to repay if they are unable to do so; less
- Sinking Funds - the amount of money which has been set aside for the repayment of debt.

As shown below, the debt of the GRF at March 31, 2004 is currently projected to be $223.0 million less than estimated in the Budget.

The Province borrows for government and Crown corporations. Crown corporations are responsible for the principal and interest payments on their debt. Crown corporation debt is incurred in the normal course of business, primarily for investment in infrastructure and business development initiatives which provide revenue streams to service the debt. Crown corporation debt is forecast to be $69.8 million lower than estimated in the Budget.

Government debt at March 31, 2004 is currently forecast to be $153.2 million lower than estimated in the Budget. This decrease is due to:

- A drawdown of cash balances — $ 177.4 million
- A decrease in the value of U.S. dollar denominated debt (68.06 cents to 71.80 cents) — $ 63.2 million

partially offset by increases to fund:

- Withdrawal from the Fiscal Stabilization Fund — $ 84.5 million
- Other cash requirements — $ 2.9 million

Summary of Debt as at March 31, 2004

(In millions of dollars)	Budget Estimate	1st Quarter Projection	Mid-Year Projection	Mid-Year Change from Budget
Crown Corporation Debt	$ 3,719.2	$ 3,667.9	$ 3,649.4	$ (69.8)
Government Debt	8,395.7	8,281.4	8,242.5	(153.2)
Total Debt	$ 12,114.9	$ 11,949.3	$ 11,891.9	$ (223.0)

Debt by Purpose as at March 31, 2004

(In millions of dollars)	Budget Estimate	1st Quarter Projection	Mid-Year Projection	Mid-Year Change from Budget
Crown Corporation Debt				
Agricultural Credit Corporation of Saskatchewan	$ 12.0	$ 12.7	$ 19.2	$ 7.2
Crown Investments Corporation of Saskatchewan	18.9	21.8	-	(18.9)
Education Infrastructure Financing Corporation	70.5	70.2	57.8	(12.7)
Information Services Corporation of Saskatchewan	67.6	66.9	66.9	(0.7)
Investment Saskatchewan Inc.	-	-	15.2	15.2
Municipal Financing Corporation of Saskatchewan	13.4	14.4	14.4	1.0
Saskatchewan Crop Insurance Corporation	105.0	105.0	180.0	75.0
Saskatchewan Development Fund	0.8	0.8	0.8	-
Saskatchewan Housing Corporation	72.9	84.0	84.0	11.1
Saskatchewan Opportunities Corporation	149.1	149.1	154.7	5.6
Saskatchewan Power Corporation	1,945.6	1,923.8	1,856.1	(89.5)
Saskatchewan Property Management Corporation	4.1	4.1	4.1	-
Saskatchewan Telecommunications	502.8	414.1	396.3	(106.5)
Saskatchewan Water Corporation	62.5	56.9	55.7	(6.8)
Saskatchewan Watershed Authority	0.5	0.5	1.0	0.5
SaskEnergy Incorporated	693.5	743.6	743.2	49.7
Total Crown Corporation Debt	$ 3,719.2	$ 3,667.9	$ 3,649.4	$ (69.8)
Government Debt	8,395.7	8,281.4	8,242.5	(153.2)
Total Debt	**$ 12,114.9**	**$ 11,949.3**	**$ 11,891.9**	**$ (223.0)**

Borrowing

The Province borrows through the sale of securities in capital markets and through the sale of savings bonds to Saskatchewan residents.

The Province's 2003-04 borrowing requirements are projected to be $1,062.0 million, $181.6 million lower than estimated in the Budget due to lower requirements for both government purposes ($110.0 million) and Crown corporations ($71.6 million).

Financial Tables

2003-04 Mid-Year Financial Report
Province of Saskatchewan
General Revenue Fund
Statement of Revenue, Expenditure and Surplus

(In millions of dollars)	2003-04 Budget	1st Quarter Projection	Mid-Year Projection	Mid-Year Change from Budget
Revenue	$ 6,228.0	$ 6,200.8	$ 6,254.6	$ 26.6
Operating Expenditure	5,970.6	5,992.6	6,101.7	131.1
Operating Surplus	257.4	208.2	152.9	(104.5)
Less Interest	650.0	650.0	630.0	(20.0)
FSF Transfer	392.7	441.9	477.2	84.5
Surplus	**$ 0.1**	**$ 0.1**	**$ 0.1**	**$ 0.0**

2003-04 Mid-Year Financial Report
Province of Saskatchewan
General Revenue Fund
Statement of Revenue

(In thousands of dollars)	2003-04 Budget	1st Quarter Projection	Mid-Year Projection	Mid-Year Change from Budget
Corporation Capital	$ 363,300	$ 363,300	$ 378,300	$ 15,000
Corporation Income	340,900	340,900	337,900	(3,000)
Fuel	350,400	353,200	353,200	2,800
Individual Income	1,275,100	1,275,100	1,249,600	(25,500)
Sales	851,700	851,700	851,700	-
Tobacco	167,100	168,300	168,300	1,200
Other	73,600	77,100	77,100	3,500
Taxes	**$ 3,422,100**	**$ 3,429,600**	**$ 3,416,100**	**$ (6,000)**
Natural Gas	$ 119,100	$ 203,300	$ 198,000	$ 78,900
Oil	490,100	580,900	692,900	202,800
Potash	165,900	147,000	102,900	(63,000)
Other	41,700	41,700	42,400	700
Non-Renewable Resources	**$ 816,800**	**$ 972,900**	**$ 1,036,200**	**$ 219,400**
Crown Investments Corporation	$ 200,000	$ 200,000	$ 200,000	$ -
Saskatchewan Liquor and Gaming Authority	346,000	346,000	346,000	-
Other Enterprises and Funds	54,200	62,100	56,100	1,900
Transfers from Crown Entities	**$ 600,200**	**$ 608,100**	**$ 602,100**	**$ 1,900**
Fines, Forfeits and Penalties	$ 12,900	$ 12,400	$ 11,300	$ (1,600)
Interest, Premium, Discount and Exchange	49,700	49,700	49,700	-
Motor Vehicle Fees	122,200	122,200	122,200	-
Other Licences and Permits	42,200	42,600	42,600	400
Sales, Services and Service Fees	77,500	77,500	85,900	8,400
Transfers from Other Governments	14,700	14,700	18,200	3,500
Other	15,000	15,000	15,000	-
Other Revenue	**$ 334,200**	**$ 334,100**	**$ 344,900**	**$ 10,700**
Own-Source Revenue	**$ 5,173,300**	**$ 5,344,700**	**$ 5,399,300**	**$ 226,000**
Canada Health and Social Transfer	$ 687,800	$ 677,800	$ 645,300	$ (42,500)
Equalization Payments	172,300	(17,100)	7,300	(165,000)
Other	194,600	195,400	202,700	8,100
Transfers from the Government of Canada	**$1,054,700**	**$ 856,100**	**$ 855,300**	**$ (199,400)**
Revenue	**$6,228,000**	**$ 6,200,800**	**$ 6,254,600**	**$ 26,600**

2003-04 Mid-Year Financial Report
Province of Saskatchewan
General Revenue Fund
Statement of Expenditure

(In thousands of dollars)	2003-04 Budget	1st Quarter Projection	Mid-Year Projection	Mid-Year Change from Budget
Executive Branch of Government				
Agriculture, Food and Rural Revitalization	$ 251,818	$ 251,818	$ 299,459	$ 47,641
Centenary Fund	29,000	29,000	29,000	-
Community Resources and Employment	605,963	605,963	604,963	(1,000)
Corrections and Public Safety	118,550	118,550	120,095	1,545
Culture, Youth and Recreation	43,698	43,698	50,502	6,804
Environment	139,743	161,543	198,858	59,115
Executive Council	7,409	7,409	7,409	-
Finance	39,489	39,489	39,489	-
- Public Service Pensions and Benefits	200,174	200,174	200,174	-
Government Relations and Aboriginal Affairs	190,346	190,346	192,235	1,889
Health	2,526,794	2,526,794	2,532,134	5,340
Highways and Transportation	296,192	296,192	296,192	-
Industry and Resources	77,541	77,541	74,681	(2,860)
Information and Technology Office	5,365	5,365	5,365	-
Justice	190,947	190,947	193,045	2,098
Labour	14,246	14,246	14,596	350
Learning	1,057,155	1,057,155	1,054,922	(2,233)
- Teachers' Pensions and Benefits	108,261	108,261	108,261	-
Northern Affairs	5,519	5,519	5,519	-
Public Service Commission	8,554	8,554	8,810	256
Sask. Property Management Corporation	17,608	17,608	22,608	5,000
Saskatchewan Research Council	7,964	7,964	7,964	-
Legislative Branch of Government				
Chief Electoral Officer	811	1,021	7,771	6,960
Conflict of Interest Commissioner	122	122	122	-
Information and Privacy Commissioner	306	306	306	-
Legislative Assembly	18,465	18,465	18,665	200
Ombudsman and Children's Advocate	2,771	2,771	2,771	-
Provincial Auditor	5,755	5,755	5,755	-
Operating Expenditure	**$ 5,970,566**	**$ 5,992,576**	**$ 6,101,671**	**$ 131,105**
Servicing the Public Debt	650,000	650,000	630,000	(20,000)
Expenditure	**$ 6,620,566**	**$ 6,642,576**	**$ 6,731,671**	**$ 111,105**

2003-04 Mid-Year Financial Report
Province of Saskatchewan
General Revenue Fund
Statement of Borrowing Requirements

(In thousands of dollars)	Budget Estimate	1st Quarter Projection	Mid-Year Projection	Mid-Year Change from Budget
Borrowing for Crown Corporations				
Agricultural Credit Corporation of Saskatchewan	$ 1,900	$ 2,600	$ 9,150	$ 7,250
Crown Investments Corporation of Saskatchewan	3,700	6,700	-	(3,700)
Education Infrastructure Financing Corporation	32,400	32,400	20,000	(12,400)
Information Services Corporation of Saskatchewan	3,000	2,300	2,300	(700)
Municipal Financing Corporation of Saskatchewan	600	5,000	5,000	4,400
Saskatchewan Crop Insurance Corporation	-	-	67,000	67,000
Saskatchewan Opportunities Corporation	8,200	8,200	25,000	16,800
Saskatchewan Power Corporation	193,000	170,000	141,800	(51,200)
Saskatchewan Telecommunications Holding Corporation	113,700	25,200	13,400	(100,300)
Saskatchewan Water Corporation	14,200	8,600	7,400	(6,800)
Saskatchewan Watershed Authority	500	500	1,000	500
SaskEnergy Incorporated	-	7,900	7,500	7,500
Borrowing for Crown Corporations	$ 371,200	$ 269,400	$ 299,550	$ (71,650)
Borrowing for Government	872,458	742,369	762,468	(109,990)
Total Borrowing Requirements	**$ 1,243,658**	**$ 1,011,769**	**$ 1,062,018**	**$ (181,640)**

2003-04 Mid-Year Financial Report
Province of Saskatchewan
General Revenue Fund
Statement of Debt

(In thousands of dollars)	Budget Estimate	1st Quarter Projection	Mid-Year Projection	Mid-Year Change from Budget
Gross Debt				
Crown Corporation Debt				
Agricultural Credit Corporation of Saskatchewan	$ 12,000	$ 12,700	$ 19,250	$ 7,250
Crown Investments Corporation of Saskatchewan	24,619	27,619	-	(24,619)
Education Infrastructure Financing Corporation	70,624	70,624	58,224	(12,400)
Information Services Corporation of Saskatchewan	67,606	66,906	66,906	(700)
Investment Saskatchewan Incorporated	-	-	20,919	20,919
Municipal Financing Corporation of Saskatchewan	13,398	14,391	14,391	993
Saskatchewan Crop Insurance Corporation	105,000	105,000	180,000	75,000
Saskatchewan Housing Corporation	75,955	87,004	87,004	11,049
Saskatchewan Opportunities Corporation	154,000	154,000	159,600	5,600
Saskatchewan Power Corporation	2,076,259	2,054,149	1,982,364	(93,895)
Saskatchewan Property Management Corporation	5,500	5,500	5,500	-
Saskatchewan Telecommunications Holding Corporation	542,101	453,601	434,141	(107,960)
Saskatchewan Water Corporation	66,752	61,152	59,952	(6,800)
Saskatchewan Watershed Authority	500	500	1,000	500
SaskEnergy Incorporated	720,286	770,386	769,986	49,700
Crown Corporation Debt	$ 3,934,600	$ 3,883,532	$ 3,859,237	$ (75,363)
Government Debt	9,039,315	8,909,253	8,862,223	(177,092)
Gross Debt	$12,973,915	$12,792,785	$12,721,460	$ (252,455)
Guaranteed Debt				
Crown Corporations	$ 6,675	$ 6,347	$ 6,347	$ (328)
Other	116,873	133,216	125,473	8,600
Guaranteed Debt	$ 123,548	$ 139,563	$ 131,820	$ 8,272
Equity in Sinking Funds				
Crown Corporations	$ 222,047	$ 221,925	$ 216,111	$ (5,936)
Government	760,511	761,088	745,228	(15,283)
Equity in Sinking Funds	$ 982,558	$ 983,013	$ 961,339	$ (21,219)
Total Debt	**$12,114,905**	**$11,949,335**	**$11,891,941**	**$ (222,964)**
Crown Corporation Debt	$ 3,719,228	$ 3,667,954	$ 3,649,473	$ (69,755)
Government Debt	8,395,677	8,281,381	8,242,468	(153,209)
Total Debt	**$12,114,905**	**$11,949,335**	**$11,891,941**	**$ (222,964)**

2003-04 Mid-Year Financial Report
Province of Saskatchewan
General Revenue Fund
Statement of Guaranteed Debt

(In thousands of dollars)	Budget Estimate	1st Quarter Projection	Mid-Year Projection	Mid-Year Change from Budget
Guaranteed Debt for Crown Corporations				
The Power Corporation Act				
National Trust Company	$ 5,495	$ 5,495	$ 5,495	$ -
Luscar Ltd.	157	-	-	(157)
Saskatchewan Power Savings Bonds				
Series I to Series VII (matured)	52	52	52	-
The Saskatchewan Development Fund Act				
Guaranteed Investments	814	800	800	(14)
The Saskatchewan Telecommunications Act				
TeleBonds (matured)	157	-	-	(157)
Guaranteed Debt for Crown Corporations	$ 6,675	$ 6,347	$ 6,347	$ (328)
Other Guaranteed Debt				
The Farm Financial Stability Act				
Breeder Associations Loan Guarantees	$ 18,831	$ 18,000	$ 18,000	$ (831)
Feeder Associations Loan Guarantees	13,931	13,000	12,000	(1,931)
Agricultural Income Disaster Assistance Program	24	28	28	4
Individual Feedlot Loan Guarantees	5,000	4,000	4,000	(1,000)
Feedlot Facilities Loan Guarantees	3,000	2,000	2,000	(1,000)
The Housing and Special Care Homes Act				
Senior Citizens' Housing	57	57	57	-
The Industry and Commerce Development Act				
Saskferco Products Inc.	29,355	48,242	43,935	14,580
The NewGrade Energy Inc. Act				
NewGrade Energy Inc.	46,525	47,689	45,203	(1,322)
The Student Assistance and Student Aid Fund Act	150	200	250	100
Borrowing for Government	$ 116,873	$ 133,216	$ 125,473	$ 8,600
Total Guaranteed Debt	**$ 123,548**	**$ 139,563**	**$ 131,820**	**$ 8,272**

Appendix 1 – Major Federal Transfers Update Since the Budget

General

- Saskatchewan receives two major transfers from the federal government – the Canada Health and Social Transfer (CHST) and Equalization.
- For 2003-04, it is projected that CHST and Equalization transfers will total $652.6 million, a decrease of $207.5 million from the Budget Estimate of $860.1 million.
  - CHST transfers are expected to be $42.5 million lower than the Budget Estimate.
  - Equalization transfers are expected to be $165.0 million lower than the Budget Estimate.

CHST

- For 2003-04, it is projected that CHST transfers will be $645.3 million, $42.5 million lower than the Budget Estimate of $687.8 million.
- This decline is entirely due to the revised population figures resulting from the 2001 Census that shows lower population figures relative to the previous estimates. Since the CHST is allocated among the provinces on a per capita basis, a lower population results in lower CHST transfers.

Equalization

- For 2003-04, it is projected that Equalization transfers will be $7.3 million, $165.0 million lower than the Budget Estimate.
- The decline in Equalization is the result of the following four factors.
  - Revised population figures based on the results of the 2001 Census significantly reduced transfers to Saskatchewan.
  - Updated personal and corporate income data indicates a smaller share of assessments attributable to Saskatchewan, increasing entitlements. In addition, in the corporate base, other data updates such as capital gains refunds and income eligible for the low tax rate translated into an increase in the standard and a lower fiscal capacity for Saskatchewan, further increasing entitlements.

Change in Equalization Entitlements – Budget Estimate to the Mid-Year Forecast

($ millions)	2000-01	2001-02	2002-03	2003-04	Total
Revised population figures (i.e., Census)[1]	0	(60)	(60)	(76)	(196)
Lower shares of personal and corporate income[2]	--	--	--	124	124
Higher 2003-04 oil and natural gas revenues	--	--	--	(135)	(135)
Other data updates	10	25	27	(20)	42
Net Change	**10**	**(35)**	**(33)**	**(107)**	**(165)**

1. The revised population figures had no net effect on Saskatchewan's 2000-01 entitlements since Saskatchewan is receiving a floor payment in respect of that year (i.e., a decline in entitlements is offset by a similar increase in the floor payment).
2. Includes the effect of other data updates in these two bases.

- Higher oil and natural gas revenues for 2003-04 translate into lower Equalization transfers.

- Numerous other revenue and economic data updates were incorporated into the program by the federal government in their October 2003 estimates for all years open to revision (2000-01 to 2003-04). These updates generally reflected an increase in the standard relative to Saskatchewan, increasing entitlements.

Census Impacts

The following table highlights the combined impact on Equalization and CHST transfers to Saskatchewan of the revised population figures based on the results of the 2001 Census.

Change in Federal Transfers – Census Impacts

($ millions)	2000-01	2001-02	2002-03	2003-04	Total
Equalization (net of floor payment)*	0	(60)	(60)	(76)	(196)
CHST	(10)	(10)	(11)	(11)	(42)
Total Change	**(10)**	**(70)**	**(71)**	**(87)**	**(238)**

* Saskatchewan is receiving a floor payment in respect of 2000-01 that offsets the decline in the Equalization entitlements associated with the revised population figures for that year.

Appendix 2 – Income Tax Forecasts

General

The 2003-04 Personal Income Tax (PIT) and Corporate Income Tax (CIT) revenue forecasts have been revised to take into account initial assessment data with respect to the 2002 taxation year and revisions to federal and provincial economic forecasts.

Personal Income Tax

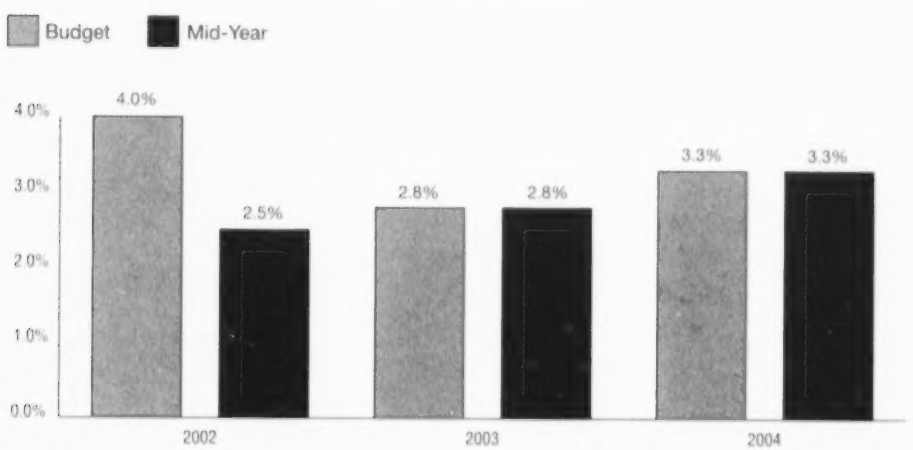
The Budget forecast assumed income growth of 4 per cent in 2002, 2.8 per cent in 2003 and 3.3 per cent in 2004. Initial assessment data for the 2002 taxation year indicates that income growth was only approximately 2.5 per cent. Expected income growth for 2003 and 2004 remains unchanged.

The reduced level of income growth in 2002 impacts expected PIT revenues for the 2002, 2003 and 2004 taxation years. This is because the tax base in 2002 is smaller than previously forecast, resulting in smaller tax bases for each successive taxation year. As a result of these factors, the 2003-04 PIT revenue forecast is reduced from the Budget forecast by $25.5 million.

Corporate Income Tax

Initial assessment data for the 2002 taxation year indicates that the size of the national tax base is slightly larger than previously predicted. In addition, revised federal forecasts indicate a stronger national tax base in 2003. These factors would have a positive impact on expected CIT revenues for the 2002 and 2003 taxation years.

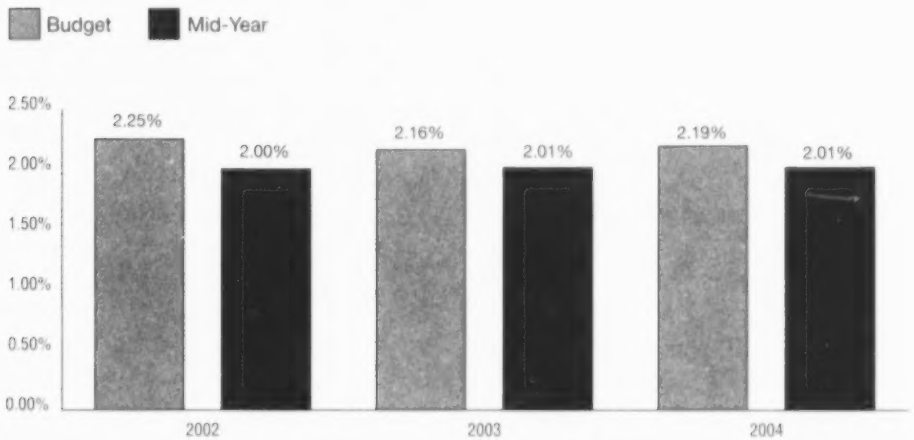
Forecasts of Saskatchewan Taxable Income Growth



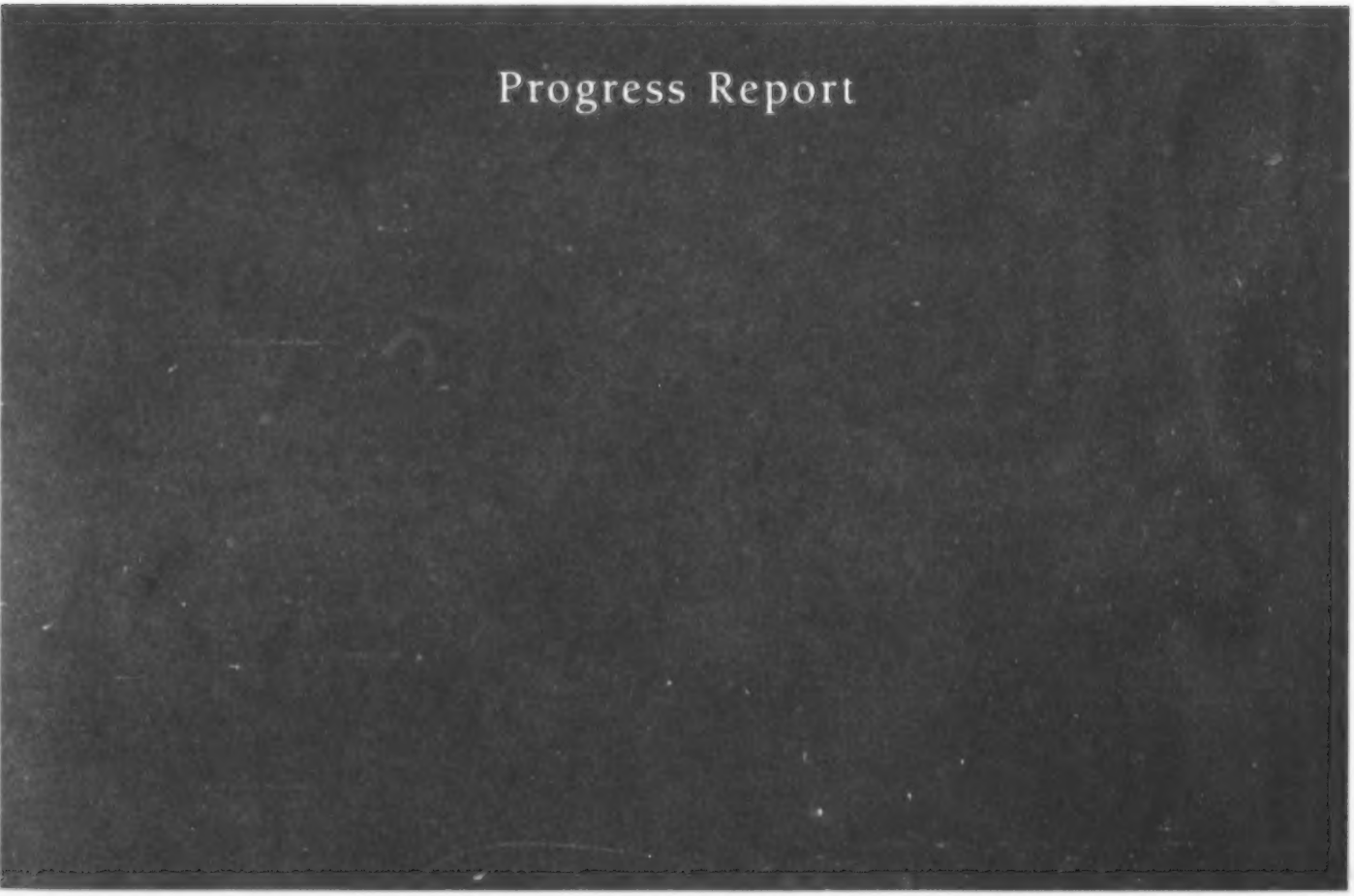
However, the 2002 assessment data also indicates that Saskatchewan's share of the base has declined from a Budget estimate of 2.25 per cent to 2 per cent. This has prompted a reduction in the forecasted Saskatchewan share of the base for 2003 and 2004.

The 2003-04 CIT payments are based on federal estimates. Due to the timing of payment re-estimates by the federal government, the forecast reduction in Saskatchewan's share of the national tax base for 2002 will have only a slight impact on 2003-04 CIT revenue. However, 2004-05 CIT revenue will experience the impact of this share reduction in both the 2004 payments and the 2003 prior year adjustment.

Forecasts of Saskatchewan's Share of Corporate Taxable Income



Our Plan for 2003-04



Progress Report

In March, we published Our Plan for 2003-04 with the 2003-04 Budget (http://www.gov.sk.ca/finance/budget/budget03/ourplan.pdf), which set out the Government's plan and key actions for this fiscal year in support of four overriding themes:

- A prosperous and competitive economy
- Strong and vibrant communities
- Healthy and self-reliant families
- Opportunities for youth

These performance commitments, along with the Government's intended financial results, provide the public with a solid basis to monitor the Government's overall performance this year in achieving its plans.

Six months into the fiscal year, Government is on track to meet its key commitments announced in the 2003-04 Budget. The following pages provide a detailed update on the progress made to date; the department reference at the end of each update indicates which department or agency is responsible for each action.

Progress is reported for the period April 1 to September 30, 2003, unless otherwise indicated. For some of the initiatives identified in the original document, it is still too early to provide a meaningful update on progress because the data is not yet available (due to reporting lags in third party information, for example). Nevertheless, the Government remains focused on achieving these commitments and will provide the public with a complete progress report (covering the full fiscal year) on these and other important initiatives in 2003-04 department annual reports.

A Prosperous and Competitive Economy

PRIORITY:
Maintain a Positive Business Climate to Support Investment and Job Creation

Highlights

- Amended *The Corporation Capital Tax Regulations, 1984* to expand the incremental corporation capital tax exemption from $5 million to $7.5 million effective January 1, 2004 and to $10 million effective January 1, 2005 for Saskatchewan-based businesses, to achieve an aggregate exemption of up to $20 million [Finance]
- Amended *The Income Tax Act, 2000* to lower the small business corporate income tax rate from six per cent to 5.5 per cent effective January 1, 2004 and to five per cent effective January 1, 2005 [Finance]
- Supported a competitive environment to stimulate oil and gas exploration and development, building on the major changes to oil and gas royalties and taxes announced in October 2002. Several regulatory issues have been reviewed with the oil and gas industry associations and certain changes implemented, primarily relating to the interest in shallow gas development in western Saskatchewan. The regulatory changes complement the fiscal changes and contribute to the overall competitiveness of the province. Industry response to the initiatives announced last October has been very positive; well licensing for the first nine months of 2003 is up 23 per cent over the same period in 2002 [Industry and Resources]
- Implemented year two of the six-year Saskatchewan Mineral Exploration Incentive Program:
  - 36 applications have been received requesting $2 million in 2003-04 under the Prospectors Incentive Program and the Corporation Exploration Incentive Program. Incentive applications are being reviewed for approval and represent $11.5 million in new exploration investment
  - Work is continuing on modern multi-parameter airborne geophysical surveys over the precambrian shield of northern Saskatchewan
  - Implemented a 10-year royalty holiday for new precious and base metal mines in October 2003, retroactive to January 1, 2003
  - Implemented changes to the potash production tax in October 2003, retroactive to January 1, 2003, that reduce the tax on incremental sales of potash and provide a more attractive tax treatment of capital spending at potash mines. Also working with the uranium mining industry to review taxes applied to that industry

  [Industry and Resources]
- Continued to work with First Nations and the federal government in meeting Treaty Land Entitlement obligations. An additional 116,300 acres have been transferred to reserve status and three entitlement First Nations have achieved their shortfall acres [Government Relations and Aboriginal Affairs]

- Continued to advance the goals in the Greenprint for Ethanol Production in Saskatchewan. Industry and Resources estimates that a 7.5 per cent average blend requirement will translate to 135 million litres of ethanol being consumed in the province. A pressing issue is coordinating the mandate date with the province's production capacity. Government will continue to monitor the situation of proposed plant construction with the view to introduce regulatory amendments to postpone the current April 1, 2004 start date for ethanol blending [Industry and Resources]
- Nominated 83 principal applicants under the Saskatchewan Immigrant Nominee Program [Government Relations and Aboriginal Affairs]
- Through the Aboriginal Employment Development Program, eight new partnerships have been signed with the following organizations: Saskatchewan Agriculture, Food and Rural Revitalization, Saskatchewan Learning, Saskatchewan Urban Municipalities Association, Battlefords Tribal Council, Saulteaux First Nation, Prince Albert Parkland Health Region, Mamawetan Churchill Health Region, and Sun Country Health Region [Government Relations and Aboriginal Affairs]
- Approximately 20 per cent of total business registrations and filings are being completed on-line using the Corporate Registry computer system [Justice]
- Developed an action plan on procurement and canvassed stakeholders for feedback on potential initiatives; designed and implemented an automated procurement process pilot project linking government buyers and supplier organizations [Saskatchewan Property Management Corporation]

In addition to progress made on planned actions, other key accomplishments this year include:

- Signed the Canada-Saskatchewan Western Economic Partnership Agreement, a five-year, $50 million joint agreement that will support an increase in the competitiveness and productivity of the Saskatchewan economy [Industry and Resources]
- The Premier of Saskatchewan and several Cabinet Ministers met with the Chief of the Federation of Saskatchewan Indian Nations (FSIN) and several FSIN executive members on June 17 for the first meeting under the Bilateral Protocol. A new FSIN Chief was elected in October 2003, and the new bilateral meetings involving officials and elected representatives are expected over the coming months [Government Relations and Aboriginal Affairs]

PRIORITY:
Good Working Conditions

Highlights

- Provided information on labour standards to approximately 32,000 callers to the Department's toll-free inquiry line [Labour]
- Conducted 1,434 workplace inspections to assess compliance with health and safety standards and worked with 250 employers to review their Occupational Health and Safety programs/management systems [Labour]
- Undertook approximately 1,400 labour standards investigations involving approximately $900,000 in wages being owed to employees [Labour]
- Provided conciliation services in 16 collective agreement disputes [Labour]

- Assisted in the development of 101 new occupational health committees and supported the 4,000 existing committees by delivering 50 training courses to 1,253 participants [Labour]

In addition to progress made on planned actions, other key accomplishments this year include:

- Released the Action Plan for Healthy and Safe Workplaces, (http://www.labour.gov.sk.ca/safety/index.htm) to help prevent workplace injuries and illness [Labour]
- Amended *The Workers' Compensation Act* to expand workers' compensation protection for full-time, professional fighters to adequately address the link between specific occupational diseases and the occupation of fire fighting [Labour]

PRIORITY: Foster Innovation

Highlights

- Provided operational funding of $150,000 for the Saskatchewan Synchrotron Institute. The Canadian Light Source synchrotron will begin operation in January 2004 [Industry and Resources]
- Provided $1.5 million in capital funding for the Saskatchewan Forest Centre. Construction began in August and is expected to take about one year to complete [Industry and Resources]
- In cooperation with the federal government, Saskatchewan provided $750,000 in October 2003 for the 2003-04 fiscal year to support the Petroleum Technology Research Centre to develop new technology to increase oil production and reduce costs. Also, approved expansion of several enhanced oil recovery projects and cooperated with the State of North Dakota to organize the Williston Basin Horizontal Well and Petroleum Conference for approximately 300 industry representatives in Regina in April 2003 [Industry and Resources]
- Committed the full $8 million through the Innovation and Science Fund (ISF) to priority research projects developed in consultation with the universities, such as $642,500 for the Experimental Lab for Internet Systems and Applications (ELISA) and $634,500 for the Fluidized Bed Reaction Engineering Lab. The ISF investments will result in approximately $11 million in leveraged funding to the province's research institutions [Industry and Resources]
- Renewed the Strategic Research Program Agreement with the University of Saskatchewan for $16.5 million over five years, with an anticipated $3.3 million to be utilized in 2003-04. A further $9.3 million in funding for the current fiscal year is being utilized for research and development projects approved through the Agriculture Development Fund, which includes initiatives at the Crop Development Centre and specific undertakings at the Prairie Agriculture Machinery Institute, the Western College of Veterinary Medicine and the Veterinary Infectious Diseases Organization. The total agricultural research and development funding to be committed in 2003-04 is $12.6 million [Agriculture, Food and Rural Revitalization]

- Partnered with Pavement Scientific International to use a new road strengthening technology to reconstruct 94 km of Thin Membrane Surface highways (as of late October). Another 15 km has been contracted out and will be completed in 2004-05
[Highways and Transportation]

PRIORITY:
Accelerate Twinning and Develop Key Commercial Routes*

Highlights

- Partnered with the federal government through the Strategic Highway Infrastructure Program (SHIP) and the Canada Strategic Infrastructure Fund (CSIF), to significantly accelerate progress on twinning:
  - Completed twinning on Highway 1 west *[five years ahead of the original schedule]*; the final 38 km of highway between Regina and Calgary was opened to traffic on October 27
  - On track to complete twinning of Highway 1 east in 2007 *[five years ahead of schedule]* and Highway 16 between North Battleford and Lloydminster in 2007 *[three years ahead of schedule]*. An additional 37 km of grading was completed in support of these commitments
  - The accelerated twinning initiative has allowed the province to increase the speed limit on most sections of twinned highways to 110 km per hour

[Highways and Transportation]

- Graded 13 km of Highway 6 north of the US border and surfaced 2 km of Highway 6 from the junction of Highway 18 to Minton to support north-south trade
[Highways and Transportation]
- Increased transportation efficiencies for Saskatchewan carriers and shippers by allowing year round primary weight access on those highways previously designated as 10-month primary weight highways
[Highways and Transportation]
- As part of the federal-provincial Prairie Grain Roads Program, upgraded 141 km of Thin Membrane Surface roads to a paved standard on strategic grain haul corridors. An additional 26 km of upgrading on Highway 3, Highway 31 and Highway 40 has been started and will be completed in 2004-05
[Highways and Transportation]
- Supported tourism development by:
  - Establishing six additional rest stops on the provincial highway system
  - Installing 160 highway signs under the Centenary Enhanced Tourism Signing Program; an additional 56 signs have been ordered
  - Installing new tourist information signs at or near four border crossings
  - Expanding signage at two tourist destinations

[Highways and Transportation]

* Note: Reporting is as of late October

PRIORITY:
Support the Agriculture Sector

Highlights

- Saskatchewan signed the Agricultural Policy Framework in March 2003 and is currently involved in federal-provincial discussions and negotiations to complete an overall implementation agreement outlining provincial and federal programs and funding contributions for each of the five chapters in the Framework (Risk Management, Food Safety, Environment, Renewal, Science and Innovation)
  [Agriculture, Food and Rural Revitalization]
- The Canada-Saskatchewan Bovine Spongiform Encephalopathy (BSE) Recovery Program and provincial programs (the Saskatchewan Set Aside Program and the Saskatchewan Fed Livestock Competitive Market Adjustment Program) assisted feedlot operators in surviving the price drop that followed the identification of a single case of BSE. The Provincial BSE Livestock Loan Guarantee Program was initiated to help farmers retain ownership of animals until market conditions improve. The Enhanced Feeder Option has been introduced under the Livestock Loan Guarantee Program and an Individual Feeder Option is in process to provide financing for feedlot operators
  [Agriculture, Food and Rural Revitalization]
- Eight projects have been awarded a total of $468,300 under the Agricultural New Generation Co-operatives Program since the program commenced in 2001-02. This year, three project applications are pending for $109,000. The program has provided consulting and financial assistance to examine the feasibility and viability of a number of value-added activities including: durum wheat processing, high quality beef production and marketing, hemp oil and organic seed processing and combined ethanol and feedlot production
  [Agriculture, Food and Rural Revitalization]
- Counseled 189 families and paid $539,700 of a total commitment of $720,800 to 116 clients through the Farm Family Opportunities Initiative
  [Agriculture, Food and Rural Revitalization]

PRIORITY:
Strengthen the Northern Economy

Highlights

- Began to administer the first year of a five-year, $20 million Canada-Saskatchewan Northern Development Agreement (NDA):
  - Established the criteria to obtain funding
  - The Northern Development Board Corporation (NDBC) received 62 statements of intent requesting $53.1 million in project funding, an amount that far exceeds the $20 million available over the five years of the Agreement
  - Based on the initial screening process, 41 full project proposals are in the process of being evaluated by the NDA tripartite committee

  [Northern Affairs]
- Provided $437,000 through the NDF loan program to date in 2003, which is expected to result in the creation and maintenance of 104 part-time, full-time and seasonal jobs
  [Northern Affairs]

- Saskatchewan Environment has reported to the Canadian Nuclear Safety Commission on site safety improvements undertaken by Northern Affairs at the abandoned Gunnar site, through a local contract this summer. Provincial departments are documenting historic research and more recent activities undertaken at the Gunner site and nearby Lorado site to assist further negotiations aimed at impressing upon the federal government its obligation to financially support the clean-up of the sites, and northerners' roles in the delivery of the multi-year project. The information will be reported at the February 2004 hearing of the Canadian Nuclear Safety Commission
[Northern Affairs; Environment]
- Provided advisory support to Green Lake Métis Wood Products to assist them in addressing their financial operating challenges
[Northern Affairs]
- Northern Affairs continued to support the development of a Saskatchewan-based fish processing facility by providing individual loans to northern commercial fishermen to assist their provision of project capital requirements (the deadline to raise sufficient capital is December 31, 2004). To date, fishermen have purchased $1 million in shares. The facility is estimated to cost $4.1 million and create 38 new direct jobs
[Northern Affairs]
- Continued work on the northern transportation system (as of late October):
  - Upgraded 29.8 km of access roads to four communities (Dillon, Timber Bay, Montreal Lake and Cumberland House). An additional 7.2 km of upgrading has been contracted out and will be completed in 2004-05
  - Improved the La Loche airport by lengthening the runway, strengthening the existing runway, taxiway and apron, and installing a precision approach path indicator system
  - The Department of Highways and Transportation has contracts or agreements with approximately 100 northern contractors/communities valued at $2.7 million
  - Total spending to preserve, operate and improve highways, bridges and airports in northern Saskatchewan will reach $31 million by year-end

[Highways and Transportation]

- Signed a new five-year, $13.7 million Multi-Party Training Plan (MPTP), a partnership among public, private and non-profit organizations combining resources and linking training directly to the mineral sector's demand. By the end of the third phase of the MPTP, a total of $40 million will have been invested in training northerners for highly skilled jobs in northern Saskatchewan
[Learning; Northern Affairs]
- Seventy-four training opportunities have been approved for the forestry sector and 318 people (248 part-time and 70 full-time) are enrolled in the Multi-Party Training Plan to support skills development in the mineral sector [Learning]
- Continued to administer 14 mineral surface leases for northern mining projects; as of September 30, 2003, the Northern employment rate (for long-term and on-site employment) was 50.9 per cent [Northern Affairs]

Strong and Vibrant Communities

PRIORITY:
Revitalizing Rural Communities

Highlights

- ACRE (the Action Committee on the Rural Economy) is a diverse industry/citizen committee that represents rural interests. In December 2002, Government released A Strategy for Rural Saskatchewan: Responding to ACRE, which outlines three goals and a series of priorities for future government action (http://www.agr.gov.sk.ca/acre/default.asp). The lead agency for the strategy is Saskatchewan Agriculture, Food and Rural Revitalization (SAFRR), with participation from a broad range of departments and agencies working together. Progress to date in 2003-04 is summarized below:
  - Tourism Saskatchewan is leading consultations with stakeholders for enhanced development and marketing of tourism in rural Saskatchewan
  - Developed and implemented a feedlot option under the Livestock Loan Guarantee Program; SAFRR is in the process of introducing the Individual Feeder Option
  - Developing a feedlot facilities equity investment loan guarantee program to encourage participation in the feedlot sector by members of community associations and commercial lenders; targeted for implementation in late March 2004
  - Provided funding of $90,000 to the Saskatchewan Council for Community Development to develop and deliver a rural leadership training program that will give people the information and skills required to implement new development projects and programs in their communities
  - State-of-the-art communications support for education, health care and Government services is now being provided to 366 communities through CommunityNet
  - SaskTel Mobility is investing an additional $10 million in digital cellular expansion in 2003 for a total investment in digital cellular in Saskatchewan of $64 million; this service will be available to 94 per cent of the Saskatchewan population by year-end

Government has renewed and expanded the ACRE mandate to March 1, 2005 to monitor implementation of the rural strategy and to recommend new initiatives during the next two years; four new subcommittees and two working groups have been initiated. Additional information on ACRE can be found at http://www.agr.gov.sk.ca/acre/.

PRIORITY:
A Clean and Healthy Environment

Highlights

- Twenty water quality stations have been established in seven major water basins in Saskatchewan (South Saskatchewan River, North Saskatchewan River, Saskatchewan River, Qu'Appelle River, Souris River, Assiniboine River and Churchill River). Samples from these stations will provide an assessment of specific water quality parameters at these sites and provide data to support the application of a Water Quality Index (WQI). Application of the WQI to all seven basins is a long-term project that requires extensive data on numerous parameters at a network of sites within each water basin [Environment]

- Provided Centenary Funding of $485,000 to eight Regional Waste Authorities. The money will be used for a variety of purposes including landfill development, purchase and collection of recycling equipment and developing transfer stations [Environment]
- Remediation work at Inland Steel in Saskatoon has commenced and an additional 38 orphaned petroleum storage sites have been cleaned up. Remediation of two high-risk industrial sites (Woodland Campus in Prince Albert and Northern Petroleum Refinery in Kamsack) is underway and will be complete by year-end [Environment]
- Launched an enhanced fire prevention public relations campaign aimed at reducing the number of forest fires and the damage they cause. Human-caused fires were 31 per cent below the five-year average [Environment]
- Provided funding of $450,000 in March 2003 for a three-year commitment to assist the Saskatchewan Research Council to establish the Office of Energy Conservation [Industry and Resources]
- Work on an updated forest inventory is underway – base mapping is 70 per cent complete, volume sampling is 95 per cent complete, operational block mapping is complete and satellite imaging classification is ongoing. Updated information on forest resources will allow the province to determine opportunities for new forest industries based on the long-term sustainable harvest of resources on provincial Crown lands [Environment]
- Received 2,448 applications under the Conservation Cover Program for converting marginal cropland to perennial forage cover to promote soil conservation, greenhouse gas sequestration and wildlife habitat improvement; initial payments to 1,680 applicants totaled $583,000 for 101,519 acres seeded to perennial cover [Agriculture, Food and Rural Revitalization]
- Completed work in 10 government-owned facilities; this has reduced energy usage in these facilities by 18.75 per cent [Saskatchewan Property Management Corporation]

PRIORITY: Safe Drinking Water

Highlights

The Long-Term Safe Drinking Water Strategy is a key cross-government initiative led by Saskatchewan Environment and involving the Departments of Health, Government Relations and Aboriginal Affairs and Agriculture, Food and Rural Revitalization as well as the Saskatchewan Watershed Authority and SaskWater. The key results to date for the Strategy are highlighted below:

- Approved 41 water and sewer projects totaling $6.4 million in federal and provincial funding under the Canada-Saskatchewan Infrastructure Program (CSIP). Major projects include the Balcarres water treatment plant, the Maple Creek water treatment plant, the Northern Village of Pinehouse water treatment plant and distribution pump, and the La Ronge water and sewer upgrade
- Provided $1.5 million to 20 communities through the Northern Water and Sewer Program. An additional $168,000 was also provided to 10 communities for northern water and sewer system emergency repairs

- Provided financing of $497,300 through the Municipal Financing Corporation to upgrade waterworks or related infrastructure at the Resort Village of Manitou Beach
- Initiated or completed rehabilitation work on 10 provincial water control structures. The largest projects include the Alameda Dam, Avonlea Dam, Cowan Lake Dam and Wascana Weir. In addition, investigations and design work proceeded on another 28 projects
- Increased the number of certified operators at provincially regulated waterworks and wastewater works by 203 for a total of 505. *The Water Regulations, 2002*, which became effective on December 5, 2002, require that all water treatment systems have a certified operator by 2005
- Used the Guidelines for Canadian Drinking Water Quality as the basis for water quality standards in *The Water Regulations, 2002*. These standards are included in each new waterworks permit
- Included standards for bacteriological, turbidity and other key water quality parameters in *The Water Regulations, 2002*. Bacteriological standards took effect immediately; a four to six year phase-in period is in place to allow upgrades required to meet turbidity standards
- Completed approximately 330 of the required 790 inspections on regulated water systems, using a revised inspection protocol developed in 2002-03; the remaining inspections will be complete by year-end
- Developed a protocol for reporting on upsets (for incidents such as equipment failures or operational problems affecting water quality) and low disinfectant levels. The new protocol will be implemented by the end of the fiscal year
- Publicly released the first annual State of Drinking Water Quality Report on July 29, 2003 (http://www.se.gov.sk.ca/environment/protection/water/DrinkingWaterQualityAnnualReport2002-03.pdf)
- Implemented an Environmental Information Management System that provides immediate access to the performance of waterworks that are regulated by Saskatchewan Environment. Water quality information from the system is fed into a website, www.SaskH2O.ca that was launched in June to provide citizens with information about the quality of their drinking water

PRIORITY:
Strengthen Community Infrastructure

Highlights

- Improved 750 km of the provincial highway system (as of late October); an additional 60 km have been contracted out and will be completed in 2004-05. Some of the major initiatives include:
  - Reconstructed 11 km of Highway 55, 15 km of Highway 26 and surfaced 19.2 km of Highway 155 to accommodate increased haul in the forestry industry. The remaining 15.2 km on Highway 155 will be completed in 2004-05
  - Repaired 75 bridges, strengthened three bridges and replaced 15 structures on the provincial highway system. An additional 12 bridge replacement projects are underway this fall

- Resurfaced 249 km of the principal highway system and 100 km of the regional highway system. An additional 11.5 km of resurfacing has been contracted out and approximately 19 km of resurfacing was deferred to offset changes in the Strategic Highway Infrastructure Program delivery schedule

- In support of Government's commitment to upgrade 800 km of Thin Membrane Surface [TMS] highways over three years, 222 km of TMS roads were improved to a paved standard for a three-year total of 777 km. An additional 41 km of TMS upgrading has been contracted out and will be completed in 2004-05 [Highways and Transportation]

- Partnered with 40 different municipalities to restrict weights on 22 sections of TMS highways with a length of 532 km; and will reinvest an estimated $2.91 million of revenue from trucking partnerships for road improvements by year-end [Highways and Transportation]

- Provided an additional $10 million in revenue sharing grants to municipalities to address their local priorities [Government Relations and Aboriginal Affairs]

- Approved 55 new municipal infrastructure projects under the Canada-Saskatchewan Infrastructure Program; 41 projects related to water supply and sewer upgrades. Major projects include reconstruction of a major road in the RM of Meadow Lake, to serve the forestry industry and the new Oriented Strand Board plant southeast of Meadow Lake and widening of Preston Avenue and Warman Road in Saskatoon. To date, $2.16 million has been paid for 29 projects, some of which are multi-year [Government Relations and Aboriginal Affairs]

- Approved 24 municipal infrastructure projects under the Centenary Fund. Major projects include upgrades to Government House and the purchase of 13 of 18 new municipal transit vehicles for people with disabilities; the remaining five transit vehicles were funded through the Transit Assistance for People with Disabilities Program [Government Relations and Aboriginal Affairs]

- Funding has been provided for various northern capital projects, including:

  - $5.1 million committed this year for planning and design of an integrated facility (health center and school) in Ile-à-la-Crosse ($2.1 million for the health centre and $3.0 million for the school). The total provincial investment in the project is estimated at $20.4 million over three years [Learning; Health]

  - Approximately $1.8 million has been committed through the Centenary Fund for the development of 77 affordable housing units [Community Resources and Employment]

  - Provided $1.5 million to 20 communities through the Northern Water and Sewer Program [Government Relations and Aboriginal Affairs]

  - Upgrades of the canoe route/portage in the Lac La Ronge Provincial Park and upgrades to the Cumberland House Historic Park through the Centenary Fund are underway and will be complete by year-end [Environment]

- Work is underway on upgrades in 36 government-owned buildings in 16 communities – major projects include the replacement of a portion of the SIAST Kelsey campus roof, with accessibility installation to start in December 2003, and replacement of a portion of the SIAST Woodlands roof. Accessibility upgrades to the Moose Jaw Court House are in the design stage and accessibility work at the Regina Court House is underway [Saskatchewan Property Management Corporation]
- State-of-the-art communications support for education, health care and Government services is now being provided to 366 communities through CommunityNet. CommunityNet installations for the education, health and government sectors were completed in August 2003, nine months ahead of the targeted completion date. CommunityNet installations for the library sector, which was added to CommunityNet in May 2002, will be completed by February 2004 [Information Technology Office]

Community Net is now available in:

- 880 Saskatchewan schools and education offices (including 85 First Nations schools)
- 39 regional colleges, offices and learning centers
- 310 health facilities
- 256 government offices
- 92 of 162 provincial public libraries (as of October 2003)

[Information Technology Office]

- As of October 2003, SaskTel's high-speed Internet service has been extended to 201 communities. SaskTel is on track to complete the expansion to a total of 237 communities by the end of 2003 [SaskTel]

In addition to progress made on planned actions, other key accomplishments this year include:

- Announced a $30 million strategic infrastructure investment in urban revitalization among the Government of Canada, Province of Saskatchewan and City of Regina to revitalize Wascana Lake and build a new multi-purpose community facility at Regina Exhibition Park [Culture, Youth and Recreation]

PRIORITY:
Safe Communities

Highlights

- Supported safe communities by:
  - Supervising an average of 1,170 adult offenders per day in custody and an average of 6,181 per day in the community
  - Supervising an average of 261 youth per day in custody and an average of 2,029 per day in community programs
  - Inspecting 5,089 boilers and pressure vessels, 196 amusement rides and 1,278 elevating devices

[Corrections and Public Safety]

- Funded 10 new police positions - five for municipal police services and five for the RCMP. These positions support targeted, community-based initiatives such as the Regina Auto-theft Strategy, Promoting Youth Success in the Battlefords, and the Serious and Habitual Offenders Comprehensive Action Plan (SHOCAP) in Saskatoon and Prince Albert as well as the Violent Crime Linkage Analysis System (VICLAS) and Proceeds of Crime investigations [Justice]
- The Department of Justice has contracts in place with First Nations community-based agencies to provide community justice services in 67 of Saskatchewan's 72 First Nations [Justice]
- Equipment configuration and final testing to expand Sask911 service to Lloydminster expansion will be complete later this fall (November 2003); expansion to northern communities will begin this year [Corrections and Public Safety]
- Implemented Phase 2 of the Regina Auto Theft Strategy. Key components of Phase 2 included: dedication of one probation officer to young adults involved with auto theft, expansion of the Help Eliminate Auto Theft (HEAT) Program (an alternative measures program for first-time offenders), providing electronic monitoring for youth as an option available to the courts and development of an early intervention education program for schools. In the first year (February 2002 to January 2003) of the strategy, auto thefts decreased by 37 per cent. A comparison of the period January 1 to September 30 in 2002 and 2003 shows monthly fluctuations and an increase in auto thefts of 4.5 per cent. A comparison to the same time period in 2001, prior to implementation of the strategy, shows a decrease of 29 per cent in 2003 [Corrections and Public Safety; Justice]
- Developed an action plan to address the recommendations outlined in the Provincial Ombudsman's report, Locked Out: A Review of the Inmate Services and Conditions of Custody in Saskatchewan Correctional Centres, and reviewed the action plan with the Ombudsman in June. One specific recommendation from the Provincial Ombudsman's report related to bringing the main complex of the Regina Correctional Centre up to current building standards or building a new facility; preliminary long-term planning for the replacement of the Regina Correctional Centre is now complete [Corrections and Public Safety]
- Implemented a fire prevention and suppression strategy for communities in the forest fringe areas. Key actions included:
  - Sponsoring three community workshops designed to assist communities in preparing for the 2003 fire season
  - Developing a train the trainer Wildland Fire Fighting Course for delivery to rural municipalities later this year
  - Developing a website (www.se.gov.sk.ca/fire) to provide rural municipalities with fire, weather, hazard assessment and educational prevention messaging

[Corrections and Public Safety; Environment]

Healthy and Self-Reliant Families

PRIORITY:
Ensure All Children Have the Best Possible Start in Life

Highlights

- The Early Childhood Development Strategy is a key cr[illegible]overnment initiative involving the Depa[illegible]nts of Learning, Health, Community Reso[illegible]s and Employment and Government Relations and Aboriginal Affairs. Implementation of *KidsFirst* (early childhood development for vulnerable children) is continuing this year and some of the preliminary results include:
  - Early childhood development services were provided to 123 new post-natal mothers and their families; the total caseload is 618 post-natal families
  - All 21 mental health and addictions positions have been filled to provide enhanced mental health and addictions services to participants in the strategy
  - Community developers are in place for all areas of the province and are now working with community partners to close previously identified service gaps
  - So far this year, the total KidsFirst caseload has increased by 150 families

PRIORITY:
Children are Ready to Learn and Schools are Ready for Children

Highlights

- Added pre-kindergarten programs in Grenfell, Hudson Bay, Moose Jaw, Turtleford, Regina (2) and Saskatoon (3). Ninety-four pre-kindergarten programs are now operating in 40 communities [Learning]
- The School[illegible] initiative focuses on schools as centres of learning and support. For School[illegible] to succeed, schools need to serve two functions: to educate children and youth and to provide support services to children, youth and their families. The key accomplishments to date include:
  - Effective practices toward School[illegible] implementation are being field tested in 21 school divisions across the province; in-service training has been completed in 12 divisions
  - Launched a new Virtual School[illegible] website (http://www.sasked.gov.sk.ca/k/pecs/splus/index.htm) that provides links and information regarding a broad range of programs and services supporting Saskatchewan children, youth, families, communities, educators, and service providers
  - Announced up to $1.1 million in funding through the Community-Teacher Engagement Fund over the next five years to support School[illegible]. This year the fund will provide $100,000 to 10 sites to be chosen through an application process. The funds will be used to promote and enhance partnerships between communities, families and schools [Learning; Community Resources and Employment; Health; Justice; Culture, Youth and Recreation; and Government Relations and Aboriginal Affairs]
- Revised regulations under *The Public Libraries Act* to ensure that First Nations people have the same access to libraries as other residents of Saskatchewan. Also provided $250,000 in grant funding to the 10 public library systems to promote universal access [Learning]

- Fully funded the teachers' contract for 2003 by providing an additional $16.1 million at the end of 2002-03 and an additional $16.2 million in the 2003-04 budget [Learning]
- The budgeted K-12 capital commitment of $35.5 million in 2003-04 and $16.5 million in 2004-05 will both be exceeded. This year, capital commitments will total $51.4 million, due to higher than anticipated carry-over from 2002-03; in 2004-05, commitments total $25.6 million and include recently announced projects such as the replacement of Vincent Massey School in Prince Albert, an addition/renovation to La Loche Community School, a new northeast collegiate in Saskatoon, planning dollars for two new west side high schools in Saskatoon, and two major projects for the Francophone school division for a new school in Moose Jaw and a high school addition in Saskatoon [Learning]

PRIORITY
Healthy Saskatchewan Families

Highlights

- To date, the Department of Health, Regional Health Authorities (RHAs) and other key stakeholders have implemented several initiatives in support of the Action Plan for Saskatchewan Health Care:
  - Officially launched *HealthLine* on August 1, 2003; Saskatchewan residents can call a registered nurse for health advice or information, 24 hours a day, 7 days a week
  - The Saskatchewan Surgical Care Network (SSCN) website (www.sasksurgery.ca) began operation in January 2003 and provides people with information about the surgical system, including typical wait times, how their needs are assessed and physician locations and specialties. Saskatchewan Health and the SSCN launched two related initiatives in July: the Surgical Patient Registry, to track all patients needing surgery and the Patient Assessment Process, to help doctors determine a patient's level of need for surgery on a consistent basis. As of September 30 2003, three health regions (Prince Albert, Sunrise and Five Hills) have fully implemented the Registry and Assessment Process while three others (Cypress, Regina Qu'Appelle and Saskatoon) were in the process of implementing the initiatives. The remaining health regions with surgical services (Prairie North, Kelsey Trail, Heartland and Sun Country) will begin using the new processes by the end of the fiscal year. Additional information on other regional sites will begin to be added to the SSCN website this fiscal year
  - Two more primary health care teams were established, for a total of 24 teams; each RHA now has a Primary Health Care director to lead delivery of primary health care services and primary health care teams will be established in all RHAs by the end of the fiscal year
  - Fifty-seven people entered the program to train Emergency Medical Responders to Emergency Medical Technician (EMT) level in 2002-03. Fifteen full-time participants have completed their training; the remaining 42 people are attending part-time and are currently at varying stages of training. Negotiations are currently underway to extend training to two new targeted regions before fiscal year-end [Health]

- In July, the Health Quality Council announced the launch of the Quality Improvement Network with the RHAs and the Saskatchewan Cancer Agency (SCA). The Network will coordinate and lead quality improvement efforts in health care across the province. The Council is offering $1 million in matching funds to RHAs and the SCA to build upon existing quality improvement activities

- RHAs have received funding to expand and enhance regional health services, including the continued expansion in renal dialysis services with the recent announcement of services planned for Battlefords and Moose Jaw. The new satellite services in North Battleford will be operational in 2003; planning and preparation for the Moose Jaw expansion will take place this fiscal year and become operational in 2004-05

- Approved $15.3 million in capital equipment purchases identified by the Regional Health Authorities, the Saskatchewan Cancer Agency and the Provincial Laboratory, as part of the $19 million allocation for capital equipment, including:
  - $6.8 million to purchase diagnostic and therapeutic equipment such as radiology, ultrasound and mammography units
  - Over $5.5 million to purchase medical and surgical equipment
  - $1.5 million for new laboratory equipment
  - $1.5 million to address priorities affecting patient safety and comfort

In addition, $2 million will be invested to acquire and install CT scanners in Yorkton and Moose Jaw to increase access to these services in 2004, and $2 million was allocated toward the purchase of equipment that will allow the Regions to keep pace with growing demand for surgical procedures and the latest in specialized care [Health]

- Continued recruitment and retention initiatives, including:
  - Awarded close to 230 Saskatchewan students nursing and health sciences bursaries in exchange for their commitment to work in Saskatchewan as part of a $4 million allocation to support return-service bursary programs in the health field, including:
    - New bursaries for close to 170 Saskatchewan students studying to be registered nurses, registered psychiatric nurses, licensed practical nurses, primary care nurse practitioners, and those wishing to re-enter nursing
    - New bursaries for more than 60 Saskatchewan students studying health sciences disciplines, including pharmacy, nuclear medicine, cytology, medical resonance imagery, medical radiation and medical laboratory technology, physical, occupational and respiratory therapy, prosthetic and orthotic technology, speech language pathology, audiology, public health inspection and clinical psychology
  - The evaluation of the Quality Workplace Program (QWP) pilot sites released in June 2003 found improvements in nurses' perceptions about the quality of their workplace; overall, morale improved where the QWP had been implemented

- Maintained 40 opportunities for northern residents to upgrade their math and science skills; 23 students are currently enrolled in the 2003-04 program
- The province is increasing capacity in the degree nursing program by 100 positions over the next three years. This will bring the first-year capacity in the Nursing Education Program of Saskatchewan to 400 students by 2005 [Health; Learning]

- Work has begun, continues or has been completed on the following capital projects:
  - Construction of the Fort Qu'Appelle Indian Hospital is underway at a total project cost of $12.8 million
  - Construction has started on a new $22.2 million Tatagwa View Long-term Care Facility in Weyburn. The Province will provide $15 million toward the total cost of the project and the remainder will be raised locally
  - The design is in progress for a new $16.4 million multipurpose health care facility to serve the Yorkton area
  - In Melfort, the new Parkland Regional Care Centre was completed with the province contributing $12.7 million (including 2003-04 funds) for construction
  - Saskatchewan Health has committed $2.1 million for the planning and design of an integrated facility (health centre and school) in the northern community of Ile-à-la-Crosse. The investment in the health centre component of this project is expected to be approximately $13 million when complete
  - Funding has also been provided for the planning and design of a new health care facility in Cumberland House and a new regional hospital in Swift Current
  - Opened a new $12.7 million Athabasca health facility on July 16 [Health]

In addition to progress made on planned actions, other key accomplishments this year include:

- In June 2003, government committed to increase the funding to the University of Saskatchewan's College of Medicine to ensure ongoing accreditation of the College. The College and the Academic Health Network have identified that the incremental cost to government will be approximately $13 million by the sixth year of implementation. The money will be used to hire additional faculty and make library improvements. The University will complete a workplan for 2003-04 focusing on the library and single headships by mid-November [Learning; Health]
- In July 2003, government announced an expansion to the registered nurse/registered psychiatric nursing education program by 100 positions and the practical nursing program by 16 positions over the next three years. First-year enrolment in the Nursing Education Program of Saskatchewan (NEPS) will increase by 25 seats in the 2003-04 academic year, followed by 40 seats in 2004 and another 35 seats in 2005. This will bring the annual first-year enrolment in NEPS to 400 students by 2005 [Health; Learning]

- In September 2003, Government announced that a new Academic Health Sciences facility will be built at the University of Saskatchewan, ensuring high quality health care into the future. The new building will provide integrated health science teaching centres and offer enhanced library space and state-of-the-art laboratories [Learning]
- Invested $6 million in the Saskatchewan Cancer Agency for two new linear accelerators, renovations of the new equipment and health provider training. The new linear accelerators will be located in Saskatoon and Regina and will be operational in 2004 [Health]

PRIORITY: Families Have Opportunities to Work and Play

Highlights

- Continued decrease in the need for social assistance. In September 2003, the Social Assistance Plan (SAP) caseload was 28,718; down 851 cases [almost three per cent] from September 2002. The September 2003 caseload is the lowest since 1991 [Community Resources and Employment]
- As of mid-year, $1.8 million has been spent or committed to fund an array of supports to assist persons with disabilities to become employed. The funds will result in 900 job opportunities for disabled people. In addition, persons with disabilities on social assistance have seen their disability allowance increase by $10 per month to help meet the costs associated with a disability and to allow those with disabilities to participate more fully in the economic and social life of their communities [Community Resources and Employment]
- In September 2003, 7,389 low-income working families received Saskatchewan Employment Supplement (SES) benefits. This number is expected to increase over the remainder of the year [Community Resources and Employment]
- Developed 110 new child care spaces. In total, the province now supports 7,461 licensed spaces – 5,272 spaces in 144 child care centres and 2,189 spaces in 284 licensed child care homes [Community Resources and Employment]
- Full indexation of the personal income tax system is in place for the 2004 taxation year [Finance]
- A total of 140 units have been completed in southern Saskatchewan under the Centenary Affordable Housing Program (CAHP): 100 seniors life lease units in Regina and Yorkton, and 40 shelter units for women and children in Saskatoon. Another 90 CAHP units are currently under development in southern Saskatchewan: 58 family rental units in Saskatoon, and 32 family rental units in Prince Albert. Other southern projects, for a total of 222 units, have received conditional funding commitments and are currently working to fulfill conditions of commitment prior to proceeding to development [Community Resources and Employment]

- The Maintenance Enforcement Office collects money for almost 10,000 custodial parents and continues to have the highest collection rate in the country, at over 80 per cent. In addition, mandatory parent education workshops for people commencing a family law proceeding that involves custody, access or child support issues were expanded to Regina on July 1, 2003 and to Prince Albert on September 1, 2003 and should reach over 2,400 people this year [Justice]
- Established the Saskatchewan Physical Activity Council that will unite the efforts of organizations and agencies involved in the promotion and delivery of physical activity throughout the province, working towards a goal of a 10 per cent reduction in physical inactivity by 2005 through the A Physically Active Saskatchewan Strategy [Culture, Youth and Recreation]
- Increased funding to the Wascana Centre Authority, Meewasin Valley Authority, Wakamow Valley Authority and Chinook Parkway by 10 per cent and provided $500,000 in Centenary funding to the Association of Urban Park and Conservation Authorities for capital projects [Environment]
- Provided $500,000 in Centenary funding to the Saskatchewan Regional Parks Association to help cover the cost of improving infrastructure throughout the Regional Parks system [Environment]

In addition to progress made on planned actions, other key accomplishments this year include:

- Released a plan to address women's equality issues in a document called The Action Plan for Saskatchewan Women on October 3, available at http://www.swo.gov.sk.ca/pub.html [Labour]
- Announced funding of $4 million toward the capital costs associated with the riverbank development project in Saskatoon's south downtown area [Government Relations and Aboriginal Affairs]
- Committed to increase funding to the Saskatchewan Arts Board ($500,000 in 2003-04, $500,000 in 2004-05 and $500,000 in 2005-06) [Culture, Youth and Recreation]
- Building on the framework for partnership between Government and the voluntary sector developed through the Premier's Voluntary Sector Initiative announced last year:
  - Limited the liability of directors and officers of non-profit corporations under *The Non-profit Corporations Amendment Act, 2003*
  - Appointed a steering committee with 14 community representatives and 10 government representatives to work on three key objectives in this phase of the initiative: building a better relationship between Government and the voluntary sector; building capacity in the voluntary sector; and building awareness of the Initiative and the sector

[Culture, Youth and Recreation]

Opportunities for Youth

PRIORITY:
Help Youth to Stay in School and Succeed in Learning

Highlights

- Increased operating grants to the University of Regina by 3.6 per cent and to the University of Saskatchewan by 2.9 per cent over last year [Learning]
- Increased provincial funding for SIAST by 3.7 per cent and to regional colleges by 2.2 per cent over last year [Learning]
- To date, over 11,800 Canada-Saskatchewan Integrated Student Loans have been authorized, valued at over $103 million. The Saskatchewan portion of loans is over $46 million, of which more than $24 million is potentially forgivable through bursaries and/or grants [Learning]
- Increased funding to the Student Aid Fund to provide for an increase in the in-study earnings exemption (from $600 per study period to $1,700 per 34 week study period) and the scholarship exemption ($600 per study period to $1,800) [Learning]
- To date, 93 medical students at the University of Saskatchewan, who received the maximum student loan amount, have also received a total of $25,000 in bursaries to cover the cost of the interest charges on a line of credit [Learning]
- As of mid-year, over 3,200 students have received over $8 million in Provincial Training Allowance and 846 individuals have received $457,900 in Apprenticeship Training Allowances [Community Resources and Employment; Learning]
- 295 new bursaries have been awarded in a variety of health disciplines which will benefit, in part, our youth. Some of these include: medicine, registered nurse, licensed practical nurse, registered psychiatric nurse, primary care, nurse practitioner, physical therapy, occupational therapy, speech language, clinical psychology, respiratory therapy, emergency medical technician, and public health inspection. Together with 144 continuing bursaries, close to $1.8 million has been allocated thus far. Some categories of bursaries (intern and physician bursaries) are still in the early stages of the application process and have therefore not yet been awarded [Health]
- Twenty infant care programs are operating in schools around the province that allow teens with children to continue in school [Community Resources and Employment]
- Institutions have submitted proposals to develop approximately 60 on-line post secondary courses and learning resources, using provincial funding provided for technology enhanced learning in 2003-04 [Learning]
- All credit requirements can be now met on-line through a combination of Central iSchool teaching opportunities and resources, or the Saskatchewan Government Correspondence School, with the exception of English Language Arts B30 and the Wellness/Physical Education requirements [Learning]

- The universities, SIAST and Aboriginal institutions – partners in Campus Saskatchewan - are offering approximately 85 on-line courses (compared to 52 last year) and 44 televised courses (compared to 45 last year). Regional colleges in rural and northern Saskatchewan are completing eight pilot projects to offer students support services to participate in on-line learning including access to computers, high speed Internet, and video-conferencing [Learning]
- In partnership with the Aboriginal Government Employees Network (AGEN), developed an Aboriginal Speakers Bureau to help encourage Aboriginal students to stay in school and consider a career with the public service. Speaking engagements in schools will begin in January 2004 [Public Service Commission]

In addition to progress made on planned actions, other key accomplishments this year include:

- In September 2003, Government announced approval in principle for a new addition to the University of Regina's Laboratory Building. The new building has a planned opening date of 2006 [Learning]

PRIORITY:
Help Youth Make a Successful Transition to the Workforce

Highlights

- Served 13,340 clients (many of them young persons under 25 years of age) through the Canada-Saskatchewan Career and Employment Services. One-quarter of the clients were persons receiving social assistance, and 13 per cent were persons receiving Employment Insurance. A wide range of employment services were offered, aimed at helping people secure and maintain meaningful employment [Community Resources and Employment]
- To date, provided 677 summer and part-time jobs throughout the year for high school and post-secondary students planning to return to school through the Centennial Student Employment Program, at a cost of $1.95 million [Culture, Youth and Recreation]
- Thirteen interns are now active in the Aboriginal Management and Professional Internship Program, eight of whom started this fall. Since the program began in 2001, six interns have obtained employment in the Saskatchewan Public Service [Public Service Commission]
- Provided or participated in 43 educational presentations, workshops and displays, relating to fair workplace practices, involving approximately 2,200 young people in high schools, post-secondary settings, employment centres as well as First Nations and Métis communities [Labour]
- An estimated 1,500 additional high schools students are receiving instruction in the Ready to Work Program [Learning]

In addition to progress made on planned actions, other key accomplishments included:

- Announced a five-year, $20 million commitment from the Crown Investments Corporation and Saskatchewan crown corporations to create more opportunities for youth and aboriginal participation in the workforce:

- $6 million is directed to Careers for Saskatchewan Youth/Aboriginals that will fill more than 1,000 jobs through internships and retirement replacements
- $14 million will fund development and delivery of a variety of programs in partnership with crown corporations, educational institutions and community agencies

[Crown Investments Corporation]

PRIORITY:
Encourage Youth to Lead Healthy Lifestyles

Highlights

- Established a Provincial Youth Advisory Committee (PYAC) in May 2003. The PYAC has defined four areas of focus for its work: education; retention and attraction of youth in our communities; community involvement and volunteerism for youth; and youth involvement in the justice system. PYAC will also act as an advisory committee to government departments [Culture, Youth and Recreation]
- Launched a new youth website (www.saskyouth.net) in September 2003 to provide youth with information useful to them in fulfilling their potential in Saskatchewan [Culture, Youth and Recreation]
- Youth are gaining leadership skills and experience through involvement in the 2005 Canada Summer Games organizing committees, the 2003 Western Canada Summer Games host committee and the 2004 Saskatchewan Summer Games host corporation. Through the Cultural Industries Development Fund, approximately 20 senior and emerging artists have entered mentoring relationships to help the younger artists develop the business side of their artistic careers [Culture, Youth and Recreation]
- As part of a provincial task force implementation plan to be launched in November, 10 schools are now participating in the *in motion* initiative, as pilot sites, to encourage active and healthy living [Culture, Youth and Recreation]
- Provided copies of "Kick the Nic", a youth smoking cessation program, to all health regions [Health]
- Provided $190,000 to Regina Qu'Appelle Regional Health Authority for the Randall Kinship Centre to deliver programming for behaviour disordered children, youth and their families in Regina [Health]

PRIORITY:
Effective Supports for Youth at Risk

Highlights

- Committed $900,000 to date in grants through the Community Initiatives Fund to develop and/or implement programs for children and youth at risk. Examples include $71,000 to the Battle River School Division to develop and implement a school student wellness program in the communities of Hillmond, Marshal, Lashburn, Maidstone, and Marsden/Neilburg and $70,000 to Family Services in Saskatoon for a program to strengthen families and reduce the likelihood of at-risk behaviors such as substance abuse, violent behavior and school failure [Culture, Youth and Recreation]

- *The Youth Criminal Justice Act* came into force on April 1 and implementation is proceeding as planned. Progress to date includes:
  - Implemented a new case management policy using a risk/needs assessment framework in 16 of 18 Corrections and Public Safety locations
  - Increased capacity by 300 cases per year for existing community-based agencies to deliver alternative measures programs in Regina, Touchwood and Saskatoon
  - Provided $293,000 in additional funding to Saskatoon, Regina, Qu'Appelle, Prince Albert Parkland, Prairie North and Sunrise Regional Health Authorities to conduct court ordered assessments and case conferences for youth clients referred under *The Youth Criminal Justice Act* [Corrections and Public Safety; Justice; Community Resources and Employment; Health; and Learning]
- Provided $120,000 to the Saskatchewan Youth in Care and Custody Network. The organization provides peer support to youth who have resided in out-of-home foster care or custody, and advocates on their behalf [Community Resources and Employment]

PROVINCE OF SASKATCHEWAN
(CANADA)

2003-04 MID-YEAR FINANCIAL UPDATE

November 27, 2003

Tenth balanced budget on track.

General Revenue Fund
2003-04 Revenue, Expenditures and Surplus

($ Millions)	Budget Estimate	Mid-Year Projection	Change
Revenue	$ 6,228.0	$ 6,254.6	$ 26.6
Operating Expense	5,970.6	6,101.7	131.1
Operating Surplus	$ 257.4	$ 152.9	$ (104.5)
Less: Servicing the Public Debt	650.0	630.0	(20.0)
Plus: Fiscal Stabilization Fund	392.7	477.2	84.5
Surplus	$ 0.1	$ 0.1	$ 0.0

Revenue is up $26.6 million due to own-source revenue increases of $226.0 million, offset by a reduction in federal transfers of $199.4 million.

For 2003-04, it is projected that CHST and Equalization transfers will total $652.6 million, a decrease of $207.5 million from the Budget Estimate of $860.1 million, largely due to the impact of the revised population figures from the 2001 Census.

- Equalization transfers are expected to be $165.0 million lower than the Budget Estimate. In addition to the Census impact, the Equalization forecast is also affected by other economic and financial data updates, stronger provincial resource revenues and weaker provincial shares of personal and corporate income tax.
- CHST transfers are expected to be $42.5 million lower than the Budget Estimate, entirely due to the Census impact.

Operating expenses have increased by $131.1 million due primarily to one-time costs for forest fires ($59.1 million), and BSE compensation programs and other agricultural programs ($47.6 million).

The smaller-than-expected harvest, higher-than-expected oil and natural gas prices, lower Canadian growth and interest rates, and higher Canadian dollar have set the stage for about 4 per cent growth in real terms in 2003.

- High oil and natural gas prices have catapulted drilling and sales of oil and natural gas in 2003. The number of oil wells drilled increased 21.8 per cent and the number of natural gas wells drilled increased 54.0 per cent in the first eight months of 2003 from a comparable period in 2002. In the first seven months, oil and natural gas sales rose 15.1 per cent and 99.5 per cent, respectively.
- Consumer spending has continued to grow with retail trade rising 4.6 per cent and new vehicle sales increasing 0.5 per cent in the first eight months.
- Housing starts have continued to climb, increasing 43.3 per cent in the first six months.
- Residential and commercial building permits have risen 30.9 per cent and 16.0 per cent, respectively, through August.
- The value of manufacturing shipments has gone up by 2.5 per cent through August.
- Employment increased by 6,440 jobs in the first ten months, with the non-farm employment gains reaching 10,090 over the same period.

Reconciliation of Real GDP Growth Rates

	Impact on Growth Rate
2003-04 Budget forecast	6.8
2002 real GDP data revision	+0.7
Smaller crop harvest	-3.5
Higher Canadian dollar	-0.4
Lower interest rates	+0.4
Mid-year real GDP growth rate	4.0

2003-04 Borrowing Activities to Date

Issue Date	Maturity Date	Interest Rate	Principal Amount ($ Millions)
Projected Borrowing Requirements			$ 1,062.0
Saskatchewan Savings Bonds			
Series 12			
July 15, 2003	July 15, 2008	3.00%	$ 134.2
Capital Markets			
May 12, 2003	September 5, 2033	5.80%	250.0
June 10, 2003	September 5, 2011/2033	4.75%/5.80%	50.0
June 17, 2003	June 17, 2013	4.75%	200.0
September 24, 2003	September 5, 2008/2033	3.90%/5.75%	50.0
September 30, 2003	December 3, 2013	4.90%	200.0
Canada Pension Plan Investment Fund			
May - June, 2003	May - June, 2023	5.46% - 5.81%	$ 25.7
Borrowing Completed to Date			$ 909.9
Remaining Borrowing Requirements			$ 152.1

Debt is forecast lower than the Budget.

Debt of the Province as at March 31, 2004

($ Millions)	Budget Estimate	Mid-Year Projection	Change
Crown Corporation			
Gross Debt	$ 3,934.6	$ 3,859.2	$ (75.40)
Guaranteed Debt	6.7	6.3	(0.4)
Less: Sinking Funds	222.1	216.1	(6.0)
Crown Corporation Debt	$ 3,719.2	$ 3,649.4	$ (69.8)
Government			
Gross Debt	$ 9,039.3	$ 8,862.2	$ (177.10)
Guaranteed Debt	116.9	125.5	8.6
Less: Sinking Funds	760.5	745.2	(15.3)
Government Debt	$ 8,395.7	$ 8,242.5	$ (153.2)
Total Debt	**$ 12,114.9**	**$ 11,891.9**	**$ (223.0)**

Government debt is forecast to decrease by $153.2 million from the estimate primarily because of:

- $177.4 million drawdown of cash balances
- $63.2 million decrease in the value of U.S. dollar denominated debt

partially offset by increases to fund:

- $84.5 million withdrawn by the Fiscal Stabilization Fund

Saskatchewan's Credit Ratings

Credit Ratings of the Province

Dominion Bond Rating Service	A
Moody's Investors Service	AA3
Standard & Poor's	A+*

* with positive outlook

Gross Debt at March 31, 2004 is projected to have an average term to maturity of 9 years.

Gross Debt Maturity Schedule as at March 31, 2004

($ Millions)	Canadian Dollar Debt	Foreign Debt* (in Cdn $)	Gross Debt
2004-05	$ 1,739.6	$ —	$ 1,739.6
2005-06	1,005.2	—	1,005.2
2006-07	1,245.3	—	1,245.3
2007-08	620.5	270.2	890.7
2008-09	729.3	—	729.3
1 - 5 years	$ 5,339.9	$ 270.2	$ 5,610.1
6 - 10 years	2,892.6	696.4	3,589.0
11 - 15 years	589.3	—	589.3
16 - 20 years	443.9	1,114.1	1,558.0
21 - 25 years	525.0	—	525.0
26 - 30 years	800.0	—	800.0
31 - 35 years	—	—	—
36 - 40 years	50.0	—	50.0
Total	$ 10,640.7	$ 2,080.7	$ 12,721.4

* Consists only of U.S. dollar debt

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